

WRIGHTBUS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st DECEMBER 2016

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WRIGHTBUS LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2016

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WRIGHTBUS LIMITED

DIRECTORS AND ADVISERS

Executive Directors:

M. Nodder
S. Francey
L. Rock
B. Maybin
S. McLaren

Secretary and Registered Office:

Mrs. L. Macdonald
Galgorm Industrial Estate
Ballymena
Co. Antrim
BT42 1PY

Registered Auditors:

Stevenson and Wilson,
Chartered Accountants and
Registered Auditors
22 – 30 Broadway Avenue
Ballymena
BT43 7AA

Bankers:

Bank of Ireland
Ballymena
Co. Antrim
BT43 6DG

WRIGHTBUS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 2016

The Directors present their report and the audited financial statements for the year ended 31st December 2016.

The Company is a wholly owned subsidiary of Wrights Group Limited, a company incorporated in Northern Ireland.

The Directors who served office during the year were as follows:

M. Nodder	
S. Francey	
L. Rock	
B. Maybin	
S. McLaren	
M. Johnston	(resigned 28 th February 2017)
I. Downie	(resigned 6 th February 2017)
D. McGarry	(resigned 19 th August 2016)
P. Dykes	(resigned 6 th May 2016)
G. Potter	(resigned 5 th April 2016)
S. Harper	(resigned 5 th April 2016)
M. Graham	(resigned 18 th March 2016)

Directors retiring by rotation are Mr. B. Maybin and Mr. S. McLaren, who both offered themselves for re-election.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WRIGHTBUS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 2016 *(continued)*

Disclosure of information to auditors

Each Director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Employees

Within the bounds of commercial confidentiality, management disseminates information to all levels of staff about matters that affect the progress of the Company and are of interest and concern to them as employees. Employees and their representatives are consulted to ensure their views can be taken into account in the decision making process. The Company continues to be committed to increasing the involvement of employees in the drive to improve performance and promote a Total Quality culture within its business. Bonus incentives are awarded to employees depending on the level of Company performance.

Employment of disabled people

The Company recognises and accepts its obligations to employ disabled people (including those becoming disabled while employed by the Company) and does what is practicable to fulfil them. Applications for employment from disabled persons are carefully considered and their aptitudes and abilities are taken fully into account. Training and promotional opportunities are made available to disabled employees in the same way as to other employees.

Post balance sheet events

No events have occurred since the year end which require reporting or disclosing in the financial statements.

Dividends

The Company paid a dividend of £3,000,000 to its parent during the year.

Required disclosures dealt with in the Strategic Report

In accordance with the provisions of s414C(11) of the Companies Act 2006, the following matters, otherwise required for inclusion in the Directors' Report, have been included in the Strategic Report:

- Review of business and future developments in the Company,
- Financial instruments incorporating financial risk management objectives and policies, and
- Research and development activities.

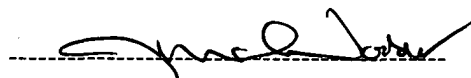
WRIGHTBUS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 2016 *(continued)*

Auditors

A resolution for the appointment of auditors will be proposed at the Annual General Meeting.

Approved by the Board on 16th June 2017 and signed on its behalf by:



Mark Nodder
Chairman

WRIGHTBUS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31st DECEMBER 2016

Review of business and future developments

The key performance indicators are as follows:-

	2016	2015
	£'000	£'000
Turnover	214,605	249,326
Gross contribution	33,531	32,153
Operating profit (before Research and Development)	10,508	8,409
Research and Development costs	4,025	3,724
Profit before taxation	6,087	4,309
Net current assets	27,162	26,053
Total equity	27,431	24,354

During 2016 the Company continued to perform well in both domestic and international markets, despite economic uncertainty and fluctuations in exchange rates. Our expanding customer base and comprehensive product range have ensured stability and modest growth.

Continued investment in research and development has positioned the Company to take advantage of increasing demand for low and zero emission buses. In November we unveiled the world's first hydrogen powered double decker, further strengthening the Company's reputation as a market leader in clean bus technology.

In the United Kingdom there has been lengthy speculation about the impact of the impending Bus Services Bill, which has the potential to introduce new regulations in the way buses are operated in England and Wales. As a consequence, we have seen demand for new vehicles in the British provincial cities reduce, though the volume of buses required in London has increased in line with passenger growth and the need to improve air quality in the capital.

Sales of single deck buses reduced in 2016 in line with a contraction in demand by provincial operators, though sales of the Wrightbus StreetDeck double decker steadily increased. In London we continue to deliver New Routemaster buses as well as provide bodywork for Volvo hybrid double deckers.

To ensure the highest levels of customer service and support for our buses, we have strengthened our Customcare after-sales division, adding new facilities in London and increased numbers of mobile service engineers in the UK as well as overseas.

The competition for bus manufacturing is global and therefore we continue to focus on improving our cost-competitiveness and production efficiency at all manufacturing sites. We have undertaken a programme of continual improvement in quality, production operations and supply chain management.

WRIGHTBUS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31st DECEMBER 2016 (*continued*)

Review of business and future developments (*continued*)

Looking forward, the Company's vision is to shape the future of public transport systems throughout the world, and we aim to do this through excellence in quality, design and innovation. We continue to invest in our people, our culture is underpinned by our ethical values, and we share a wider belief that our business can make a positive difference to people's lives.

Financial instruments

It is the Company's policy to carry out its transactions in sterling where possible. Where there is significant exposure to fluctuations in the exchange rates of foreign currencies the Company enters appropriate forward contracts to mitigate the risk.

Approved by the Board on 16th June 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Mark Nodder', is written over a horizontal dashed line.

Mark Nodder
Chairman

**INDEPENDENT AUDITORS' REPORT TO
THE MEMBERS OF WRIGHTBUS LIMITED**
(Company registration number NI006119)

We have audited the financial statements of WRIGHTBUS LIMITED for the year ended 31st December 2016, set out on pages 9 to 24, which comprise the Profit and Loss Account, Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Sections 495 and 496 of The Companies Act 2006. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF WRIGHTBUS LIMITED *(continued)***

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' and Strategic reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' and Strategic reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Peter Stevenson
Senior Statutory Auditor

for and on behalf of:
Stevenson and Wilson, Statutory Auditor

22-30 Broadway Avenue
Ballymena
BT43 7AA

16th June 2017

WRIGHTBUS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2016

		2016	2015
	Notes	£	£
Turnover	3	214,605,092	249,325,595
Cost of sales		(181,073,852)	(217,172,119)
Gross profit		33,531,240	32,153,476
Other operating expenses		(27,432,275)	(27,779,605)
Other operating income		384,464	311,792
Operating profit	4	6,483,429	4,685,663
Other interest receivable and similar income		24,152	29,302
Interest payable and similar charges	7	(420,375)	(405,809)
Profit before taxation		6,087,206	4,309,156
Taxation (charge)/credit	8	(10,501)	356,773
Profit for the year		6,076,705	4,665,929

The notes on pages 13 to 24 form part of the financial statements

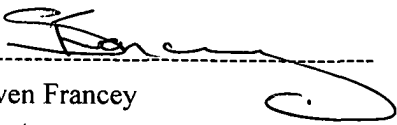
WRIGHTBUS LIMITED

BALANCE SHEET AS AT 31st DECEMBER 2016

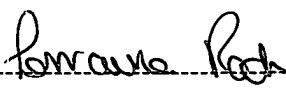
(Company registration number NI006119)

		2016	2015
	Notes	£	£
Fixed assets			
Tangible assets	9	7,570,049	7,581,617
Intangible assets	10	-	-
		-----	-----
		7,570,049	7,581,617
		-----	-----
Current assets			
Stocks	11	31,196,157	24,375,375
Debtors	12	34,918,872	37,909,585
Cash at bank and in hand		-	16,554,208
		-----	-----
		66,115,029	78,839,168
		-----	-----
Creditors: due within one year			
Bank loans and overdraft	13	2,021,383	4,602,570
Trade creditors	14	19,080,782	24,595,512
Other creditors	15	17,850,381	23,588,586
		-----	-----
		38,952,546	52,786,668
		-----	-----
Net current assets		27,162,483	26,052,500
		-----	-----
Total assets less current liabilities		34,732,532	33,634,117
		-----	-----
Creditors: due after more than one year	16	-	625,000
Deferred income	17	2,200,178	1,406,574
Provision for liabilities and charges	18	5,101,668	7,248,562
		-----	-----
Net assets		27,430,686	24,353,981
		=====	=====
Capital and reserves			
Called-up share capital	19	1,450,000	1,450,000
Capital redemption reserve	20	100,000	100,000
Profit and loss account		25,880,686	22,803,981
		-----	-----
Total equity		27,430,686	24,353,981
		=====	=====

Approved by the Board on 16th June 2017 and signed on its behalf:



 Steven Francey
 Director



 Lorraine Rock
 Director

The notes on pages 13 to 24 form part of the financial statements

WRIGHTBUS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st DECEMBER 2016

	2016	2015
	£	£
Profit for the financial year	6,076,705	4,665,929
Total comprehensive income for the year	6,076,705	4,665,929

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st DECEMBER 2016

	Called-up share capital	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£
At 1st January 2015	1,450,000	100,000	18,138,052	19,688,052
Profit for the year	-	-	4,665,929	4,665,929
At 31st December 2015	1,450,000	100,000	22,803,981	24,353,981
Profit for the year	-	-	6,076,705	6,076,705
Dividends paid	-	-	(3,000,000)	(3,000,000)
At 31st December 2016	1,450,000	100,000	25,880,686	27,430,686

The notes on pages 13 to 24 form part of the financial statements

WRIGHTBUS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st DECEMBER 2016

	Notes	2016 £	2015 £
Operating activities			
Operating profit		6,483,429	4,685,663
Depreciation and amortisation		1,463,986	1,387,846
Amortisation of capital grants		(63,971)	(63,971)
Profit on disposal of fixed assets		(6,685)	(16,697)
Increase in stocks		(6,820,782)	(2,804,348)
(Increase)/decrease in debtors (excluding group and associated undertakings)		(9,831,757)	16,022,669
Decrease in creditors (excluding group undertakings)		(13,691,814)	(5,999,748)
Taxation refunded/(paid)		1,674,579	(936,990)
Net cash (outflow)/inflow from operating activities		(20,793,015)	12,274,424
Investing activities			
Payments to acquire tangible fixed assets		(1,494,523)	(927,377)
Receipts from sales of tangible fixed assets		48,790	29,501
Net cash outflow from investing activities		(1,445,733)	(897,876)
Financing activities			
Decrease/(increase) in amounts due to group undertakings		13,733,600	(14,585,053)
(Increase)/decrease in amounts due from associated companies		(1,446,650)	790,219
Equity dividends paid		(3,000,000)	-
Net repayment of bank loans		(625,000)	(415,029)
Interest received and similar income		24,152	29,302
Interest payable and similar charges		(420,375)	(405,809)
Net cash inflow/(outflow) from financing activities		8,265,727	(14,586,370)
Decrease in cash for the year		(13,973,021)	(3,209,822)
Cash and cash equivalents			
As at 1st January 2016		12,451,638	15,661,460
Decrease in cash for the year		(13,973,021)	(3,209,822)
As at 31st December 2016	21	(1,521,383)	12,451,638

The notes on pages 13 to 24 form part of the financial statements

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2016

1. Company information

The company is a private company limited by share capital incorporated in Northern Ireland. The registered office address is Galgorm Industrial Estate, Fenaghy Road, Ballymena, Co. Antrim, BT42 1PY. The principle activity of the Company is coach building

2. Principal accounting policies

Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Companies Act 2006.

The financial statements are prepared on the historical cost basis except for fair value adjustments as required under FRS102 for derivative financial instruments.

Turnover

Turnover, which excludes value added tax and trade discounts, is measured at the fair value of consideration received or receivable which represents the invoiced value of goods supplied. Turnover from the sale of goods, including under long-term contracts, is recognised when the Company has substantially completed its performance obligations under the terms of each individual sales contract. In the absence of a sales contract, revenue is recognised upon goods delivery and acceptance, at which point the risks and rewards associated with the ownership of the goods have passed to the purchaser.

Government grants

Capital grants which relate to specific capital expenditure are treated as deferred income and credited to the profit and loss account on a straight line basis over the useful economic life of the related assets. Revenue grants are credited to the profit and loss account in the period in which the related expenditure is incurred.

Employee benefits

Defined contribution plans

The Company operates a defined contribution pension scheme for all employees. The assets of the scheme are held separately from those of the Company in an independently administered fund, and contributions are charged to profit and loss account as incurred.

Termination benefits

The Company recognises termination benefits as an expense when it is demonstrably committed to; terminate the employment of employees prior to the normal retirement date; or provide termination benefits as a result of an offer to encourage voluntary redundancy.

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Principle accounting policies *(continued)*

Research and development costs

Expenditure on research and development activities undertaken with the prospect of gaining new technical knowledge and understanding is charged to the profit and loss account in the period in which it is incurred. Research and development expenditure in connection with a specific contract is deferred and released to profit and loss account in line with the income recognition on that contract. When deferred, the assets are annually reviewed for impairment.

Tangible fixed assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation. The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is calculated so as to write off the cost, or valuation of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Long leasehold buildings	4
Plant and machinery	15, 20 & 25
Motor vehicles	25

Intangible fixed assets

Expenditure on intellectual property is capitalised and amortised over the period expected to benefit. An amortisation rate of 10% on a straight line basis has been used for this purpose.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct overheads, labour and material costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Profit and Loss Account under operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Principle accounting policies *(continued)*

Long-term contracts

The amount of long-term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included in work in progress and stock as long-term balances. The amount by which recorded turnover is in excess of payments on account is included in debtors as amounts recoverable on long-term contracts. Payments in excess of long-term contract balances are included in creditors as payments received on account. Profit is recognised in proportion to the degree of contract completion and when the outcome of the contract can be assessed with some certainty.

Leasing

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Provision for costs under warranties

Estimated costs related to product warranties are accrued at the time the vehicles are supplied. Estimates are established using the best judgment of the Directors on the likely future costs to be incurred, using historical information where available, and measured against reported product defects at the time the financial statements are prepared. The impact of the time value of money is not material and therefore the provision is not discounted.

Extended service plans

The Company enters into parts and maintenance contracts which cover an extended period from the balance sheet date. Under these contracts, revenue is recognised over the duration of the term in proportion to the level of cost committed. Profit is only recognised when there is a degree of certainty regarding the overall profitability of each individual contract. Income received and not recognised through the profit and loss account is held within deferred income on the balance sheet.

Taxation

Current tax is recognised as the amount of income tax payable in respect of the profit for the current and past periods. It is calculated using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is accounted for on all differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is measured on an undiscounted basis. It is calculated using the tax rates that have been enacted or substantively enacted by the reporting date and which are expected to apply to the reversal of the timing difference. Deferred tax assets have not been recognised on the grounds that future reversal and recoverability is uncertain.

Derivative financial instruments

The Company enters into forward foreign exchange contracts to mitigate the exposure risk to fluctuations in foreign currency rates. They are recognised at fair value at the balance sheet date with any exchange gain or loss arising between the contract rate and the forward rate at the balance sheet recognised through the profit and loss account.

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Principle accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are translated using the spot rate at the date of the transaction. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Non-monetary items measured on an historical costs basis are translated using the exchange rate at the transaction date.

Exchange gains and losses arising on the settlement of monetary items are recognised through the Profit and Loss Account in the period in which they arise.

3. Turnover

Turnover comprises the sale of goods. In the opinion of the directors the disclosure of turnover by geographical location would be seriously prejudicial to the interests of the company and is therefore not disclosed.

4. Operating profit	2016	2015
Operating profit is stated after crediting:	£	£
Amortisation of government capital grants	63,971	63,971
Profit on disposal of fixed assets	6,685	16,697
Fair value gain on forward foreign currency contract	1,281,344	-
Foreign exchange gain	1,814,708	1,260,357
and after charging:		
Auditors remuneration - audit fees	68,750	68,750
- non-audit services	15,175	6,575
Depreciation of tangible fixed assets	1,463,986	1,385,180
Research and development costs (excluding depreciation)	4,003,099	3,705,502
Amortisation of intangible fixed assets	-	2,666
Operating lease rentals - motor vehicles	313,178	273,224
Operating lease rentals - plant & machinery	411,497	366,174
	=====	=====

5. Directors' emoluments	2016	2015
The remuneration receivable by the Directors was:	£	£
Aggregate emoluments (including benefits in kind)	369,095	1,092,063
Pension contributions	4,156	438,548
	-----	-----
	373,251	1,530,611
	=====	=====

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Employee information

The average weekly number of persons (including executive Directors) employed during the year was 1,206 (2015: 1,213) as follows:

	2016	2015
Production	1,125	1,118
Selling and distribution	12	14
Administration	69	81
	-----	-----
	<u>1,206</u>	<u>1,213</u>

	2016	2015
	£	£
Staff costs (for the above persons)		
Wages and salaries	34,406,086	35,756,308
Social security costs	3,224,861	3,483,667
Other pension costs	516,622	871,993
	-----	-----
	<u>38,147,569</u>	<u>40,111,968</u>

7. Interest payable and similar charges

	2016	2015
	£	£
On bank loans and overdrafts	420,375	405,809
	-----	-----
	<u>420,375</u>	<u>405,809</u>

8. Taxation

Provision has been made at the standard rate for corporation tax on the profits as adjusted for tax purposes. An element of the charge relates to the payment for group relief made to group companies for tax losses surrendered.

	2016	2015
	£	£
Corporation tax		
UK current tax	(18,248)	998,162
Adjustment in respect of prior years	(11,293)	(1,354,935)
Payment for group relief	40,042	-
	-----	-----
Taxation charge/(credit)	<u>10,501</u>	<u>(356,773)</u>

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Taxation (continued)	2016	2015
	£	£
Reconciliation of effective tax charge		
Tax on profit at standard rate of UK tax (20%)	1,217,441	872,457
Effects of:		
- expenses not deductible for tax purposes	8,267	7,747
- release of deferred grant not chargeable to tax	(12,794)	(12,952)
- increase/(decrease) in deferred tax asset not recognised	72,300	130,910
- R&D and patent box tax incentives	(1,263,420)	-
- prior year adjustment	(11,293)	(1,354,935)
Total tax charge/(credit)	10,501	(356,773)

9. Tangible assets	Long leasehold land and buildings	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At 1st January 2016	10,739,635	11,789,458	458,907	22,988,000
Additions	526,201	893,056	75,266	1,494,523
Disposals	-	(101,214)	(156,173)	(257,387)
At 31st December 2016	11,265,836	12,581,300	378,000	24,225,136
Depreciation				
At 1st January 2016	5,739,338	9,405,533	261,512	15,406,383
Charge for the year	435,030	948,692	80,264	1,463,986
Disposals	-	(101,213)	(114,069)	(215,282)
At 31st December 2016	6,174,368	10,253,012	227,707	16,655,087
Net book value				
At 31st December 2016	5,091,468	2,328,288	150,293	7,570,049
At 31st December 2015	5,000,297	2,383,925	197,395	7,581,617

Included in long leasehold land and buildings is the amount of £256,850 (2015: £256,850) relating to land which is not depreciated.

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. Intangible fixed assets - Intellectual Property	2016	2015
	£	£
Cost		
Cost at 1st January and 31st December 2016	115,000	115,000
	-----	-----
Amortisation		
At 1st January 2016	115,000	112,334
Charge for the year	-	2,666
	-----	-----
At 31st December 2016	115,000	115,000
	-----	-----
Net book value		
At 31st December 2016	-	-
	=====	=====

11. Stocks	2016	2015
	£	£
Raw materials and consumables	9,397,352	5,631,296
Work in progress	18,155,394	17,026,010
Finished goods	3,643,411	1,718,069
	-----	-----
	31,196,157	24,375,375
	=====	=====

The value of stock recognised as an expense during the year was £158,145,348 (2015: £190,184,373).

A stock impairment loss of £614,280 was recognised as an expense during the year (2015: £686,811).

12. Debtors	2016	2015
	£	£
Trade debtors	20,710,979	13,822,887
Amounts recoverable on contracts	4,220,030	2,907,035
Prepayments and accrued income	1,178,583	1,232,496
Derivative financial instruments	1,281,344	-
Due from group undertakings	4,551,329	17,135,369
Due from associated companies	1,946,650	500,000
Corporation tax refund receivable	544,841	2,229,921
Other debtors	485,116	81,877
	-----	-----
	34,918,872	37,909,585
	=====	=====

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12. Debtors *(continued)*

The Company has entered into an arrangement with the Bank of Ireland in which finance is provided for debtors on extended credit terms. The Company does not retain any significant risk or benefit relating to the performance of the debt and consequently de-recognition, as permitted under the provisions of FRS102, is the adopted accounting treatment.

13. Bank loans and overdraft

The advances made by the Bank of Ireland to the Company are secured by the following:

- (a) First fixed and floating charges over all of the present and future assets and undertakings of the Company
- (b) Fixed charge over the Company's premises
- (c) Cross guarantee from the immediate parent and fellow subsidiary companies.

14. Trade creditors

Substantially all of the amounts due to trade creditors have been incurred under conditions of sale which include terms relating to the reservation of title of goods supplied until payment is made.

15. Other creditors	2016	2015
	£	£
Other taxation and social security	4,116,474	9,164,869
Accruals and deferred income	2,373,711	4,130,683
Pensions and similar obligations	260,855	343,253
Amounts due to group undertakings	11,099,341	9,949,781
	<u>17,850,381</u>	<u>23,588,586</u>

The balances due to group undertakings include substantial amounts incurred under normal trading terms.

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Creditors: due after more than one year	2016	2015
	£	£
Bank loans	-	625,000
	-----	-----
	-	625,000
	=====	=====
These amounts are estimated to be payable as follows:		
1-2 years	-	500,000
2-5 years	-	125,000
	-----	-----
	-	625,000
	=====	=====
17. Deferred income: due after more than one year	2016	2015
	£	£
Capital grants	653,584	717,555
Extended service plans	1,546,594	689,019
	-----	-----
	2,200,178	1,406,574
	=====	=====
18. Provision for liabilities and charges	2016	2015
	£	£
Warranty provision		
At 1st January 2016	7,248,562	5,723,266
Provided in the year	3,868,564	4,629,398
Utilised in the year	(6,015,458)	(3,104,102)
	-----	-----
At 31st December 2016	5,101,668	7,248,562
	=====	=====
19. Called-up share capital	2016	2015
	£	£
Allotted, called-up and fully paid:		
1,450,000 Ordinary shares of £1 each	1,450,000	1,450,000
	=====	=====

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

20. Capital redemption reserve	2016	2015
	£	£
Reserve arising on redemption of preference shares	<u>100,000</u>	<u>100,000</u>

21. Cash and cash equivalents	2016	2015
	£	£
Cash at bank	5,238,137	16,554,208
Bank overdraft	(6,759,520)	(4,102,570)
Cash and cash equivalents	(1,521,383)	12,451,638
Reconciled to balance sheet:		
Bank loan due within one year	(500,000)	(500,000)
Bank loan due after one year	-	(625,000)
Total bank and loans	(2,021,383)	11,326,638

22. Pensions

The Company operates a defined contribution pension scheme for all staff. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge for the year amounted to £516,622 (2015: £871,993).

23. Capital commitments

There were no capital commitments at the balance sheet date (2015: none).

24. Leasing commitments

At 31st December 2016 the Company had future minimum commitments under operating leases as detailed below:

	2016	2015
	£	£
Within one year	652,429	395,693
Between one and five years	1,038,201	1,457,541
	<u>1,690,630</u>	<u>1,853,234</u>

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

25. Financial instruments	2016	2015
	£	£
Financial assets measured at amortised cost		
Cash at bank and in hand	-	16,554,208
Debtors (trade, other, due from group/associate undertakings)	27,271,413	31,469,083
Financial assets measured at fair value		
Forward foreign currency contracts	1,281,344	-
Financial liabilities measured at amortised cost		
Bank loans and overdraft	2,021,383	5,227,570
Trade creditors	19,080,782	24,595,512
Amounts due to group undertakings	11,099,341	9,949,781

In order to mitigate the risk of exposure to foreign currency fluctuations the Company enters into forward exchange contracts. The forward exchange contract has been fair valued at the balance sheet date with the fair value gain recognised in the profit and loss account, as detailed at note 4.

26. Related party transactions

The Company has taken advantage of the exemption provisions in FRS 102 permitting non-disclosure of transactions with fellow group companies. The Company is a 100% subsidiary of Wrights Group Limited, the consolidated financial statements of which are publicly available.

Transactions and outstanding balances with non-group related parties, related through virtue of common control were as follows:

	2016	2015
	£	£
Rent payable	92,800	42,287
Amounts due from associated companies	1,946,650	500,000

Terms and conditions of transactions with related parties:

Amounts due from group and associated companies are unsecured, interest free and repayable on demand.

Key management personnel:

The directors of the Group are considered to be the key management personnel. Directors' remuneration is disclosed at note 5.

WRIGHTBUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

27. Contingent liabilities

The Company is party with other group companies to cross guarantees of each other's bank borrowings, commitments and overdrafts of £12.1 Million (2015: £1.6 Million).

28. Ultimate controlling party

The Company is a 100% subsidiary of Wrights Group Limited and its ultimate Parent Company is The Cornerstone Group Limited. Mr J.W. Wright is considered to be the ultimate controlling party.